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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

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Quarterly Report Pursuant to Section 13 or 15 (d) of
The Securities Exchange Act of 1934

For the Quarterly Period Ended:
February 29, 1992

Commission File Number
0-19331

NORTHERN INSTRUMENTS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	41-0857886
(State of Incorporation)	(I.R.S. Employer Identification Number)

6680 N. Highway 49, Lino Lakes, MN 55014
(Address of principal executive offices)

(612) 784-1250
(Registrant's telephone number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of March 24, 1992
Common Stock, $.02 par value	4,265,273

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"This document consists of 11 pages. No exhibits are being filed."

PART I. - FINANCIAL INFORMATION

ITEM 1. - FINANCIAL STATEMENTS

NORTHERN INSTRUMENTS CORPORATION

BALANCE SHEETS (Unaudited)

ASSETS	February 29, 1992	August 31, 1991	February 28, 1991
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,051,771	$ 839,740	$ 843,507
Short term investments	295,736	295,736	
Receivables:			
Trade less allowance for doubtful accounts of $16,798, $15,585 and $15,202, respectively	531,063	539,724	491,548
Joint ventures	132,050	106,050	29,806
Officers and employees		21,522	
Inventories:			
Finished goods	185,455	169,426	115,675
Work-in-process	69,198	65,182	68,992
Production material	116,678	106,109	110,856
Prepaid expenses	34,825	14,218	6,774
Total current assets	2,416,776	2,177,707	1,667,158
PROPERTY AND EQUIPMENT:			
Land	20,761	20,761	20,761
Buildings and improvements	355,923	353,157	343,390
Machinery and equipment	373,862	385,430	377,490
	750,546	759,348	741,641
Less accumulated depreciation	578,991	570,461	548,959
	171,555	188,887	192,682
OTHER ASSETS:			
Investments in joint ventures, including an advance to an affiliate of $16,250, $14,000 and $0, respectively	460,748	416,646	131,915
Patents and licenses, less accumulated amortization of $72,105, $69,706, and $96,751, respectively	10,481	12,880	44,679
Other	53,410	53,410	67,761
	524,639	482,936	244,355
	$ 3,112,970	$ 2,849,530	$ 2,104,195
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 103,883	$ 105,215	$ 129,883
Note payable	37,290	37,290	37,290
Income taxes	4,231	49,480	104,171
Deferred income taxes	30,700	30,700	
Due to officers and employees	9,845		
Accrued liabilities:			
Payroll taxes	49,707	42,215	33,328
Other	19,241	16,507	40,232
Total current liabilities	254,897	281,407	344,904
EXCESS OF FAIR VALUE OF ASSETS PURCHASED OVER COST	372,052	269,402	
STOCKHOLDERS' EQUITY:			
Preferred stock, no par value, authorized 10,000 shares, none issued			
Common stock, $.02 par value; authorized 10,000,000 shares; issued and outstanding 4,265,273, 4,230,273 and 4,230,273 shares, respectively	85,305	84,605	84,605
Additional paid-in capital	4,672,263	4,637,963	4,637,963
Accumulated deficit	(1,942,139)	(2,101,909)	(2,654,728)
	2,815,429	2,620,659	2,067,840
Notes and related interest receivable for stock purchased	(329,408)	(321,938)	(308,549)
	2,486,021	2,298,721	1,759,291
	$ 3,112,970	$ 2,849,530	$ 2,104,195

See notes to financial statements.

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NORTHERN INSTRUMENTS CORPORATION

STATEMENTS OF INCOME (Unaudited)

	Three months ended		Six months ended	
	February 29, 1992	February 28, 1991	February 29, 1992	February 28 1991
SALES	$ 909,422	$ 779,911	$1,896,427	$1,631,793
COST OF GOODS SOLD	443,396	415,864	945,481	867,000
GROSS PROFIT	466,026	364,047	950,946	764,793
OPERATING EXPENSES:				
Selling	115,381	111,768	224,466	214,677
General and administrative	167,939	124,268	320,992	227,244
Research, engineering and technical support	71,069	64,149	140,185	122,900
	354,389	300,185	685,643	564,821
OPERATING INCOME	111,637	63,862	265,303	199,972
AFFILIATED COMPANIES AND JOINT VENTURES:				
Equity in income of joint ventures	24,952	10,766	24,952	10,766
Fees for technical assistance to joint venture	142,017	72,739	154,850	82,734
Advances to affiliates recovered	2,500		8,750	31,250
	169,469	83,505	188,552	124,750
OTHER INCOME (EXPENSE):				
Amortization of fair value of assets purchased over cost	33,676		67,351	
Gain on sale of equipment			2,962	
Interest income	13,554	14,816	27,675	24,850
Interest expense		(463)		(1,268)
Other income	918	12,854	16,191	29,207
	48,148	27,207	114,179	52,789
INCOME BEFORE INCOME TAXES	329,254	174,574	568,034	377,511
INCOME TAXES	115,000	58,000	195,000	125,000
NET INCOME	$ 214,254	$ 116,574	$ 373,034	$ 252,511
NET INCOME PER COMMON SHARE	$ .05	$ .03	$ .09	$ .06
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	4,265,273	4,230,273	4,250,690	4,148,607

See notes to financial statements.

NORTHERN INSTRUMENTS CORPORATION

STATEMENTS OF CASH FLOWS (Unaudited)

	Six months ended February 28, 1992	Six months ended February 28, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 373,034	$ 252,511
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,960	26,400
Common stock issued for services	35,000	7,000
Interest accrued on notes receivable from purchase of common stock	(7,470)	(7,471)
Gain on sale of equipment	(2,963)	
Equity in income of joint venture	(24,952)	(10,766)
Reduction in income taxes resulting from utilization of subsidiary's net operating loss generated prior to acquisition	170,000	
Amortization of excess of fair value of assets purchased over cost	(67,350)	
Change in current assets and liabilities:		
Receivables:		
Trade	8,661	(13,834)
Joint ventures	(26,000)	8,673
Officers and employees	21,522	
Inventories	(30,614)	47,895
Prepaid expenses	(20,607)	6,472
Accounts payable	(1,332)	56,815
Due to officers and employees	9,845	
Income taxes	(45,249)	(49,442)
Accrued liabilities	10,226	(15,330)
Total adjustments	50,677	56,412
Net cash provided by operating activities	423,711	308,923
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property	(2,766)	(1,791)
Proceeds from sale of equipment	3,500	
Investment in joint venture	(16,900)	(4,459)
Advance to affiliate	(2,250)	
Increase in other assets		(21,180)
Net cash used in investing activities	(18,416)	(27,430)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock		2,000
Dividends paid	(213,264)	(143,336)
Principal reduction of debt		(116,624)
Net cash used in financing activities	(213,264)	(257,960)
NET INCREASE IN CASH AND CASH EQUIVALENTS	192,031	23,533
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	859,740	819,974
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$1,051,771	$ 843,507

See notes to financial statements.

NORTHERN INSTRUMENTS CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. INTERIM FINANCIAL INFORMATION

In the opinion of management, the accompanying unaudited financial statements contain all necessary adjustments, which are of a normal recurring nature, to present fairly the financial position of Northern Instruments Corporation as of February 29, 1992 and February 28. 1991 and the results of operations and cash flows for the three and six months ended February 29, 1992 and February 28, 1991, in conformity with generally accepted accounting principles.

These financial statements should be read in conjunction with the financial statements and related notes as of and for the year ended August 31, 1991 contained in the Company's filing on Form 10-K and with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing on pages 7 through 8 of this quarterly report.

2. INVESTMENTS IN JOINT VENTURES

As a result of an European Economic Community (ECC) minimum capital requirement, the Company on November 14, 1991 made an additional investment in the Swedish joint venture, ZERUST AB, of 100,000 Swedish Krona (US $16,900). The Company's partner, Westpack AB, made an equal additional investment in ZERUST AB of 100,000 Swedish Krona and the ownership of ZERUST AB remains at 50% owned by the Company and 50% owned by Westpack AB.

The Company had advanced $14,000 to AMT as of August 31, 1991 collateralized by accounts receivable due to AMT. In September 1991, the Company received $11,500 from AMT upon collection of an accounts receivable due to AMT and advanced AMT $13,750 which was collateralized by accounts receivable due to AMT. As a result, at February 29, 1992, the Company's advance to AMT amounted to $16,250 which was collateralized by accounts receivable.

3. INCOME TAXES

Income tax expense for the three and six months ended February 28, 1991 has been restated using an income tax rate of 33.1% which was the overall effective income tax rate for the fiscal year ended August 31, 1991. An effective income tax rate of 39% is being utilized for fiscal 1992 after excluding the income related to the amortization of fair value of assets purchased over cost.

4. SUPPLEMENTAL CASH FLOW INFORMATION

During the six months ended February 29, 1992, the Company issued a total of 35,000 shares of its common stock to seven Directors of the Company at a value of $1.00 per share aggregating $35,000, which was expensed.

On November 29, 1991, the Company paid an annual cash dividend of $.05 per share to shareholders of record as of November 15, 1991. The dividend was paid on 4,265,273 shares aggregating $213,264.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

General - The Company conducts all foreign transactions based on the U.S. dollar, except for its investments in foreign joint ventures. The exchange rate differential relating to investments in foreign joint ventures will be accounted for under the requirements of SFAS No. 52. To date, the exchange rate differential has been insignificant.

Sales - Net sales increased by $129,511 during the second quarter of 1992 from those in the second quarter of 1991. Net sales increased by $264,634 during the six months ended February 29, 1992 compared to the same period of 1991. These increases in sales are due to the volume of corrosion inhibiting products sold to existing or new customers. There has been no changes in product pricing, introduction of new products or entry into any particular new markets.

Cost of goods sold - Cost of goods sold as a percentage of net sales for the second quarter of 1992 was 49% compared to 53% for the second quarter of 1991. The cost of goods sold percentages of net sales were 50% for the six months ended February 29, 1992 and 53% for the six months ended February 28, 1991. Variations are primarily due to the mix of product sales and better monitoring of the product costing system in both periods.

Operating expenses - As a percentage of net sales, operating expenses increased from 38% in the second quarter of 1991 to 39% in the second quarter of 1992. Operating expenses were 36% and 35% of net sales for the six months ended February 29, 1992 and February 28, 1991, respectively.

Operating expense classification percentages of net sales were as follows:

	Three months ended		Six months ended	
	February 29, 1992	February 28, 1991	February 29, 1992	February 28, 1991
Selling	13%	14%	12%	13%
General and administrative	18%	16%	17%	14%
Research, engineering and technical support	8%	8%	7%	8%

There is no predominant reason for the decrease in the selling expense as a percentage of net sales for the three or the six months ended February 29, 1992 compared to the same period in 1991.

There is no predominant reason for the decrease in the research, engineering and technical support expense as a percentage of net sales for the six months ended February 29, 1992 compared to the same period in 1991.

The increase in the general and administrative expense as a percentage of net sales for the second quarter of 1992 is attributable to increases in various expenses with the most significant ones being international travel and company printing. The increase in the general and administrative expense as a percentage of net sales for the six months ended February 29, 1992 is attributable to increases in various expenses with the most significant ones being international travel, company printing, and the issuance of a total of 35,000 shares of the Company's common stock at an assigned value of $1.00 per share aggregating $35,000 to Directors of the Company which was expensed as compensation in the first quarter of 1992.

Income from affiliated companies and joint ventures - Income from affiliated companies and joint ventures was $169,469 and $188,552 for the three and the six months ended February 29, 1992, respectively, compared to $83,505 and $124,750 for the three and the six months ended February 28, 1991. The increase for the three months ended February 29, 1992 resulted from increased fees from and earnings of the international joint ventures due to the additional joint ventures that were operational and growth of the previously established joint ventures. The increase for the six months ended February 29, 1992 resulted from the aforementioned growth in fees from and earnings of the international joint ventures partially offset by a decrease in the recovery of advances to affiliates which were received in cash during the six months ended February 28, 1991.

Other income (expense) - Other income (expense) increased in the second quarter of 1992 to $48,148 from $27,207 in the second quarter of 1991. Other income increased by $61,390 during the six months ended February 29, 1992 compared to the comparable period of 1991. The increases resulted primarily from the recording of income of $33,675 in the second quarter of 1992 and $67,350 in the six months ended February 29, 1992 relating to the amortization, over a two year period, of the $269,402 classified as "excess of fair value of assets purchased over cost" in the Company's balance sheet as of August 31, 1991.

LIQUIDITY AND CAPITAL RESOURCES

The Company is attempting to list its common stock on the American Stock Exchange (AMEX) through a new AMEX program called the "Emerging Company Marketplace" (ECM). The Company's common stock is expected to start trading on this new exchange sometime in the third quarter of fiscal 1992.

At February 29, 1992, the Company's working capital was $2,161,879, including $1,051,771 in cash and cash equivalents, compared to working capital of $1,896,300 and $1,322,254 as of August 31, 1991 and February 28, 1991, respectively.

Net cash provided from operations has been sufficient to meet liquidity requirements, capital expenditures, research and development costs and expansion of operations through the Company's international joint ventures. Cash flow from operations for the six months ended February 29, 1992 and February 28, 1991 was $423,711 and $308,923, respectively. This net cash flow resulted principally from net income.

Net cash used in investing activities for the six months ended February 29, 1992 was $18,416 of which $16,900 related to an additional investment in the Swedish joint venture on November 14, 1991. Net cash used in investing activities for the six months ended February 28, 1991 was $27,430 and resulted from an increase in deposits and other assets.

Net cash used in financing activities for the six months ended February 29, 1992 relates to payment of the dividends to stockholders of $213,264 or $.05 per share on November 29, 1991. Net cash used in financing activities for the six months ended February 28, 1991 was $257,960 and related principally to the payment of dividends ($143,336) and the reduction of debt ($116,624).

The Company expects to meet future liquidity requirements with its existing cash and cash equivalents and through future operating earnings and fees from and distributions of earnings from the international joint venture investments.

The Company has no long-term debt and no material lease commitments at February 29, 1992. The Company had no material commitments for capital expenditures outstanding at February 29, 1992.

The Company has not adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes". This new method of accounting for income taxes is required to be adopted no later than fiscal 1994. Adoption of this Statement is not expected to have a significant impact on the Company's financial position or results of operations.

The Company has no postretirement benefit plan and does not anticipate establishing any postretirement benefit program.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

There are no material litigation or other legal proceedings pending against the Company.

ITEM 2 - CHANGES IN SECURITIES

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

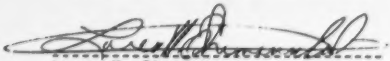
None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHERN INSTRUMENTS CORPORATION

March 24, 1992



Loren M. Ehrmanntraut
Secretary/Treasurer